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Marketing Checklist for Small Retailers

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Introduction

This pamphlet is a checklist for the owner-manager of a small business. The questions cover areas which form a foundation for retail marketing as well as specific aspects of customer analysis, buying, pricing and promotion. You can use it to evaluate your current status and, perhaps, to rethink past decisions.

Summary

If your retail firm is going to be successful over the long run, it must focus on serving customer needs and desires. The essence of marketing rests on your understanding the customer and delivering a unique product or service that he or she cannot get from your competition.

Your use of **Customer analysis** and basic market research will enable you to predict which items will appeal to the tastes of customers. Also, sound **Buying** techniques and strong vendor ties will enable you to stock items that effectively satisfy customer demand.

Pricing is a critical ingredient in your profit picture. Plan price policies that you will follow and be familiar with local, state and federal regulations.

A wide variety of **Promotional** methods are available to you. Choose the media mix which best advertises the uniqueness of your store to present and potential customers.

A serious commitment by **Management** to plan both short and long-term goals is essential to future success. **Operations and Special Services** includes your firm's customer credit terms and insurance coverage. Of course, such services are taking on added importance for consumers and should be marketed with their needs in mind.

Your primary concern with **Financial Analysis and Control** should focus on the flow of funds. To this end, the use and management of your financial records becomes the foundation of your business.

In answering the following questions, you will be reminded of what you might still need to do to round out the marketing aspects of your business.

Customer Analysis

Who are your target customers and what are they seeking from you?	**Yes**	**No**
Have you profiled your customers by age, income, education, occupation, etc.?	☐	☐
Should you try to appeal to the entire market rather than a segment(s)?	☐	☐
Are you familiar with your customers' lifestyles?	☐	☐
Are there new customer segments or special markets that deserve attention?	☐	☐
Have you looked into possible changes taking place among your target customers which could significantly affect your business?	☐	☐
Do you know where your customers live?	☐	☐
Do you use census data from your city or state? (e.g. neighborhood tracts, income, population)	☐	☐
Are you aware of the reasons why customers shop at your store? (Convenience, price, quality products, etc.)	☐	☐
Do you stress a special area of appeal such as lower prices, better quality, wider selection, convenient location, or convenient hours?	☐	☐
Do you ask your customers for suggestions on ways to improve your operation?	☐	☐
Do you know what products or services your customers most prefer?	☐	☐
Do you use "want slips"?	☐	☐
Do you belong to a trade association or local chamber of commerce?	☐	☐
Do you subscribe to important trade publications?	☐	☐
Do you know what seasons and holidays most influence your customer buying behavior?	☐	☐
Have you considered using a consumer questionnaire to aid you in determining customer needs?	☐	☐
Do you know at what other types of stores your customers shop?	☐	☐
Do you visit market shows and conventions to help anticipate customer wants?	☐	☐

Buying

Do you have a merchandise budget (planned purchases) for each season?	Yes	No
Does it take into consideration planned sales, planned stockturn, and planned markdowns?	☐	☐
Have you broken it down by departments and merchandise classifications?	☐	☐
Do you have a formal plan for deciding what to buy and from whom?	☐	☐
Have you identified areas of negotiation that allow you favorable terms for buying (e.g. payment terms, promotions assistance, transportation costs, special buys, etc.)?	☐	☐
Have you identified all internal and external sources of market information available?	☐	☐
Do you have a system for reviewing and testing new items coming onto the market?	☐	☐
Have you considered using a basic stock list or a model stock plan in your buying?	☐	☐
Are you using either a unit or dollar merchandise control system?	☐	☐
Do you keep track of the success of your buying decisions in previous years to aid you in next year's buying?	☐	☐
Do you attempt to consolidate your purchases with several key suppliers?	☐	☐
Does your buying reflect an improved return on investment?	☐	☐
Have you established a planned gross margin for your firm's operations and are you buying so as to achieve it?	☐	☐
Do you plan exclusive or private brand programs?	☐	☐
Do you take advantage of cash discounts and allowances offered by your vendor/supplier?	☐	☐
Do you have reasonable expectations from your vendor/supplier?	☐	☐
Does your vendor/supplier have reasonable *expectations of you*?	☐	☐
Have you developed a trusting relationship with your vendor/supplier?	☐	☐
Have you a useful vendor/supplier evaluation system for determining their performance?	☐	☐

Pricing

Have you established a set of pricing policies and goals?	Yes	No
Have you determined whether to price below, at, or above the market?	☐	☐
Do you set specific markups for each product?	☐	☐
Do you set markups for product categories?	☐	☐
Do you use a one-price policy rather than bargain with customers?	☐	☐
Do you offer discounts for quality purchases or to special groups?	☐	☐
Do you set prices to cover full costs on every sale?	☐	☐
Do the prices you have established earn the gross margin you planned?	☐	☐
Do you clearly understand the market forces affecting your pricing methods?	☐	☐
Do you know which products are slow movers and which are fast?	☐	☐
Do you take this into consideration when pricing?	☐	☐
Do you experiment with odd or even price endings to increase your sales?	☐	☐
Do you know which products are price sensitive to your customers, that is, when a slight increase in price will lead to a big dropoff in demand?	☐	☐
Do you know which of your products draw people when put on sale?	☐	☐
Do you know the maximum price customers will pay for certain products?	☐	☐
If the prices on some products are dropped too low, do buyers hesitate?	☐	☐
Is there a specific time of year when your competitors have sales?	☐	☐
Do your customers expect sales at certain times?	☐	☐

Have you determined whether or not a series of sales is beter than one annual clearance sale?	☐	☐
Have you developed a markdown policy?	☐	☐
Do you take markdowns on a regular basis, or as needed?	☐	☐
Do you know what role you want price to play in your overall retailing strategy?	☐	☐
Are you influenced by competitors' price changes?	☐	☐

Are there restrictions regarding prices you can charge?	**Yes**	**No**
Do any of your suppliers set a minimum price below which you cannot go?	☐	☐
Does your State have fair trade practice laws which require you to mark up your merchandise by a minimum percentage?	☐	☐
Are you sure you know all the regulations affecting your business, such as two-for-one sales and the like?	☐	☐
Do you issue "rainchecks" to customers when sale items are sold out so they can purchase later at sale price?	☐	☐

Promotion

Are you familiar with the strengths and weaknesses of various promotional methods?	**Yes**	**No**
Are the unique appeals of your business reflected in the store image? (e.g., low prices, quality product, special services, etc.)	☐	☐
Are these appeals promoted on a consistent basis?	☐	☐
Have you considered how various media and promotional methods might be used for your firm?	☐	☐
Do you know which of your items can be successfully advertised?	☐	☐
Do you know when it is profitable to use institutional advertising?	☐	☐
Do you know when product advertising is better?	☐	☐
Do you record sales of merchandise advertised on each ad?	☐	☐
Do you check store traffic?	☐	☐
Do you know which of the media (radio, television, newspapers, yellow pages, billboards) can most effectively reach your target group?	☐	☐
Do you know what can and cannot be said in your ads (Truth in Advertising requirements)?	☐	☐
Can you make use of direct mail?	☐	☐
Do you have a mailing list? If so, has it been updated recently?	☐	☐
Is a mailing list available through customer checks or credit card receipts?	☐	☐
Do you use coupons in your print ads?	☐	☐
Are your promotional efforts fairly regular?	☐	☐
Do you concentrate them on certain seasons?	☐	☐
Are certain periods of the week beter than others?	☐	☐
Do you use trade journals and out-of-town newspapers for promotional ideas?	☐	☐
Have you considered specialty advertising?	☐	☐
Do you participate in activities of your chamber of commerce, merchants' association, better business bureau, or other civic organizations?	☐	☐

Is there financial or technical assistance available which you can use to enhance your promotional efforts?	**Yes**	**No**
Have you considered customer seminars and classes?	☐	☐
Can you get help from local newspapers, radio, or television?	☐	☐
Are cooperative advertising funds available from vendor/suppliers?	☐	☐
Do you tie your local efforts to your supplier's national program?	☐	☐
Do you join with other merchants in area-wide programs?	☐	☐

Do you ask customers to refer your business to friends and relatives?	☐	☐
Have you looked for ratios to estimate what comparable firms are spending on promotion?	☐	☐
Do you make use of community projects or publicity?	☐	☐
Would a newsletter be useful to contact customers or remind them of your store?	☐	☐
Do you study the advertising of other successful retail firms, as well as of your competitors?	☐	☐

Are your products displayed to maximize their appeal within the store?	**Yes**	**No**
Do you know which of your items have unusual eye appeal and can be effective in displays?	☐	☐
Have you figured out the best locations in the store for displays?	☐	☐
Are you making use of window displays to attract customers?	☐	☐
Have you a schedule for changing various displays?	☐	☐
Do you display attention-getting items where they will call attention to other products as well?	☐	☐
Do you use signs to aid your customers' shopping?	☐	☐
Do signs in your store provide useful price and product information?	☐	☐
Do you know which items are bought on "impulse" and therefore should be placed in high traffic areas?	☐	☐
Do you have an attractive storefront?	☐	☐
Do your vendor/suppliers offer financing of accounts receivable, floor displays, fixtures, and so forth?	☐	☐

Management

Have you developed a set of plans for the year's operations?	**Yes**	**No**
Do your plans address changing consumer markets and lifestyles?	☐	☐
Do your plans provide methods to deal with competition?	☐	☐
Do your plans address market potential?	☐	☐
Do they contain creative approaches to solving problems?	☐	☐
Do they include financial requirements?	☐	☐
Are they realistic?	☐	☐
Are they stated in such a way that you know when they have been achieved?	☐	☐
Is there a system for auditing your objectives?	☐	☐
Have you a formal plan for setting aside money to meet any quarterly tax payments?	☐	☐

Are you organized effectively?	**Yes**	**No**
Have you thought about the long-term direction of your business?	☐	☐
Are job descriptions and authority for responsibilities clearly stated?	☐	☐
Does your organizational structure minimize duplication of effort and maximize the use of each employee's skills?	☐	☐
Do employees understand how they will be rated for promotion and salary increases?	☐	☐
Does your wage schedule meet the local rate for similar work and retain competent employees?	☐	☐
Would you or some of your employees profit by taking business education courses offered at local schools/colleges?	☐	☐
Will training help your employees achieve better results?	☐	☐
Do your experienced employees help train new and part-time employees?	☐	☐

Are working conditions good?	☐	☐
Do you use positive personal leadership techniques like being impartial, giving words of encouragement and congratulations, and listening to complaints?	☐	☐
Are you familiar with the Fair Labor Standards Act as it applies to minimum wages, overtime payments and child labor?	☐	☐
Do you avoid all forms of discrimination in your employment practices?	☐	☐
Do you have a formal program for motivating employees?	☐	☐
Have you taken steps to minimize shoplifting and internal theft?	☐	☐

Do you have an effective system for communicating with employees?	**Yes**	**No**
Are they informed on those plans and results that affect their work?	☐	☐
Do you hold regular meetings that include all personnel?	☐	☐
Do your employees have their own bulletin board for both material you need to post and items of general interest?	☐	☐
Have the "rules and regulations" been explained to each employee?	☐	☐
Does each employee have a written copy?	☐	☐
Is each employee familiar with other positions and departments?	☐	☐
Do you have an "open door" policy in your office?	☐	☐

Operations and Special Services

Do you know what type of credit program (if any) you should offer?	**Yes**	**No**
Does the nature of your operation require some type of credit for your customers?	☐	☐
Have you discussed credit operations with your local credit bureau?	☐	☐
Would a credit program be a good sales tool?	☐	☐
Is a credit program of your own desirable?	☐	☐
Have you looked into other credit card programs?	☐	☐
If you set up your own credit program, do you know what standards you should use in determining which customers can receive credit for what time periods and in what amounts?	☐	☐
Do you know all of the costs involved?	☐	☐
Will the interest you charge pay for these costs?	☐	☐
Do you know about the Fair Credit Reporting Act?	☐	☐
Are you familiar with the Truth-in-Lending legislation?	☐	☐
Have you determined a safe percentage of your business to have on credit that won't jeopardize paying your own bills?	☐	☐
Have you discussed your credit program with your accountant and attorney?	☐	☐

Do you have adequate insurance coverage?	**Yes**	**No**
Do you have up-to-date fire coverage on both your building equipment and inventory?	☐	☐
Does your liability insurance cover bodily injuries as well as such problems as libel and slander suits?	☐	☐
Are you familiar with your obligations to employees under both common law and workers' compensation?	☐	☐
Has your insurance agent shown you how you can cut premiums in areas like fleet automobile coverage, proper classification of employees under workers' compensation, and by cutting back on seasonal inventory insurance?	☐	☐
Have you looked into other insurance coverage, such as business interruption insurance or criminal insurance?	☐	☐
Do you have some fringe benefit insurance for your employees (group life, group health, or retirement insurance)?	☐	☐

Do you offer any special customer services?	**Yes**	**No**
Do you provide personal services for your customers?	☐	☐
Do you provide time saving services for greater customer convenience?	☐	☐
Have you considered leasing services?	☐	☐
Do you charge for delivery?	☐	☐
Have you thought about using a commercial delivery service?	☐	☐
If not, do you know how to work the delivery expenses into the selling price of your products?	☐	☐
Have you selected competent and professional personnel to provide customer services?	☐	☐
Do you have a policy for handling merchandise returned by customers?	☐	☐
Are your services purchased on a routine or contractual basis?	☐	☐
Do you make use of gift services?	☐	☐
Are your prices for services competitive?	☐	☐
Do you measure the quality of your services through customer surveys or other methods?	☐	☐

Financial Analysis and Control

Have you established a useful accounting system?	**Yes**	**No**
Do you know the minimum amount of records you need for good control?	☐	☐
Do you know all the records you should keep in order to meet your tax obligations on time?	☐	☐
Do you use a cash or accrual accounting system?	☐	☐

Do your sales records give you the key information you need to make sound decisions?	**Yes**	**No**
Do you have a cash flow plan or budget?	☐	☐
Can you separate cash sales from charge sales?	☐	☐
Can sales be broken down by department?	☐	☐
Can they be broken down by merchandise classification?	☐	☐
Do they provide a way to assess each salesperson's performance?	☐	☐

Do your inventory records give you the key information you need to make sound decisions?	**Yes**	**No**
Do they show how much you have invested in merchandise without the necessity of a physical inventory?	☐	☐
Have you achieved the optimum balance between inventory and cash?	☐	☐
If you hold too much inventory, are you aware of the additional costs?	☐	☐
Do you know the difference between inventory valuation at cost and at market?	☐	☐
Would a computer ease your inventory control procedures?	☐	☐
Do you understand the pros and cons of the cost method of inventory accounting versus the retail method?	☐	☐
Have you found an accounting method that shows the amount of inventory shortages in a year?	☐	☐
Are you aware of inventory-related costs such as pilferage, obsolescence and spoilage?	☐	☐

Do your expense records give you the key information you need to make sound decisions?	**Yes**	**No**
Do you know which expense items you have the greatest control over?	☐	☐
Are the records sufficiently detailed to identify where the money goes?	☐	☐
Can you detect those expenses not necessary to the successful operation of your business?	☐	☐

Do you effectively use the information on your profit and loss statement and balance sheet?	**Yes**	**No**
Do you analyze monthly financial statements?	☐	☐
Can you interpret your financial statements in terms of how you did last year and whether you met this year's goals?	☐	☐
Do your financial statements compare favorably with other similar businesses in terms of sales, cost of sales, and expenses?	☐	☐
Are you undercapitalized?	☐	☐
Have you borrowed more than you can easily pay back out of profits?	☐	☐
Can you see ways to improve your profit position by improving your gross margin?	☐	☐
Have you forecasted financial statements for future growth?	☐	☐

These questions are meant to help you analyze your retail operation from the marketing viewpoint. You should know the strengths of your business and products. You must also know the real problems you are up against. Business depends on good sense and management foresight. You must adapt to new markets, product changes, and be innovative to keep your business growing.

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